Essential Commodities Act to check hoarding

783. SHRI VIJAY J. DARDA:
SHRIMATI SHOBHANA BHARTIA:
SHRI K. CHANDRAN PILLAI:

Will the Minister of FINANCE be pleased to state:

(a) whether with essential food items like wheat and pulses getting costlier Government propose to invoke the Essential Commodities Act to check hoarding the single biggest factor responsible for the price rise;

(b) whether this Act has been suspended to promote a free market for foodgrains;

(c) if so, the what extent these actions have helped in catching the price rise; and

(d) if so, what are the other steps Government propose to take to control the price rise of Essential Commodities?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) To check hoarding in respect of wheat and pulses, the Central Government has issued a Central Order No. 1373 (E) dated 29.8.2006 under Essential Commodities Act which has been extended further *vide* order No. 297(E) dated 27.2.2007 for a period of six months beyond 28.02.2007. In accordance with this order, State Governments can continue to fix stock limits in respect of wheat and pulses for a further period of six months and take action against the unscrupulous traders.

(b) Though the Government is taking action to promote free market, the Essential Commodities Act, 1955 is still in vogue to meet the emergent situations like price rise, hoarding and black-marketing of essential commodities.

(c) and (d) In pursuance of the Orders dated 29.8.2006 and 27.2.2007, all the State Governments/UTs have been requested to implement these orders by issuing either a fresh control order or reviving the old control order for fixing stock limits for various categories of dealers such as millers/ producers, wholesalers and retailers in respect of wheat and pulses. States/ UTs have also been empowered to take effective action exercising the

powers vested with/delegated to them under the Essential Commodities Act, 1955 to bring out hoarded stock of these items in the open market to ensure their availability to the common people at reasonable prices.

Reduction in customs duty

784. SHRI SITARAM YECHURY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government reduced customs duty on several items including cement, capital goods, project imports etc. to contain the inflation;

(b) if so, the rationale behind and impact of the decision on inflation;

(c) whether there will be any adverse effect on domestic producers and on employment; and

(d) what will be the potential revenue loss to Government resultant to this decision?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) In January, 2007, Government had reduced customs duty on many industrial raw materials, cement, capital goods and project imports, with a view to reduce costs of investment and production, and to have some check on prices. Import duty on edible oils was also reduced as the domestic prices have been reigning high.

(c) Customs duty reduction on basic raw materials, inputs and capital goods is expected to reduce costs of production, and promote investment. As the domestic industry will still have some protection, these measures should not have any significant adverse impact on employment.

(d) Revenue loss on account of customs duty reductions in January, 2007 is estimated at about Rs. 4,000 crore in a full year, at the current level of imports.

Re-phasing of farmers' loans by banks

785. SHRIMATI PREMA CARIAPPA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that when the production and prices of agricultural produce, are high, farmers are induced by the banks into taking loans at